

BIMCO EXECUTIVE COMMITTEE MEETING
“MARITIME COMMUNITY CHALLENGES
AND THE ROLE OF PARTNERSHIPS”

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GREETING AND INTRODUCTION:

GOOD EVENING MR. BERGMAN, MR. FRANDSEN, THE EXECUTIVE COMMITTEE, MEMBERS OF BIMCO, LADIES AND GENTLEMEN. FIRST, I WOULD LIKE TO CONGRATULATE MR. BERGMAN FOR BEING INDUCTED RECENTLY INTO THE "INTERNATIONAL HALL OF FAME" IN NEW YORK CITY BY THE MARITIME ASSOCIATION OF THE PORTS OF NEW YORK AND NEW JERSEY. PLEASE JOIN ME IN OFFERING OUR CONGRATULATIONS! [APPLAUSE]

IT'S A PLEASURE TO BE HERE, AND I AM ESPECIALLY PLEASED TO TALK ABOUT THE MARINE SAFETY PARTNERSHIP AGREEMENT WE HAVE SIGNED TODAY. THE COMBINATION OF THE U.S. COAST GUARD'S COMMITMENT TO IMPROVING MARINE SAFETY THROUGHOUT THE MARITIME COMMUNITY COUPLED WITH YOUR REPRESENTATION OF MORE THAN 62 PERCENT OF THE WORLD'S SEAGOING TONNAGE IN OVER 110 COUNTRIES, PROVIDES US AN OPPORTUNITY TO SUBSTANTIALLY IMPROVE MARINE SAFETY AS WE MOVE INTO THE NEXT MILLENNIUM.

THIS PARTNERSHIP IS ANOTHER MANIFESTATION OF BIMCO'S
ONGOING COMMITMENT TO MARITIME SAFETY AND
PROTECTION OF THE ENVIRONMENT.

THAT COMMITMENT WAS ALSO DEMONSTRATED BY BIMCO'S
STRONG AND UNWAVERING SUPPORT OF IMPLEMENTATION
OF THE ISM CODE. THE SMOOTH IMPLEMENTATION OF THE
CODE ON 1 JULY OF THIS YEAR WAS DUE IN NO SMALL PART
TO YOUR SUPPORT. ---- THANK YOU

TO HELP FOCUS OUR ACTIVITIES IN THIS VENTURE, I WILL START
BY TALKING ABOUT SOME OF THE CHALLENGES FACING THE
MARITIME COMMUNITY IN THE 21ST CENTURY. THEN I WILL
DISCUSS WHAT I ENVISION THE PARTNERSHIP SHOULD
FOCUS ON TO HELP US MEET THESE CHALLENGES. AND
FINALLY, I WILL PRESENT MY VIEWS ON THE POSSIBLE
BENEFITS FOR YOUR INDUSTRY AS A RESULT OF OUR
WORKING TOGETHER.

MARITIME COMMUNITY IN THE 21ST CENTURY:

FOR COASTAL NATIONS, THEIR MARITIME INFRASTRUCTURE IS
VITAL TO THEIR INTERMODAL TRANSPORTATION SYSTEMS,
AND ULTIMATELY THEIR NATIONAL INTEREST.

MARITIME INFRASTRUCTURE IS MORE THAN JUST WHARVES, PIERS, AND WAREHOUSES. MARITIME INFRASTRUCTURE INCLUDES NATURAL AND MAINTAINED CHANNELS, ANCHORAGES, LOCKS, COMMUNICATION SYSTEMS, NAVIGATION SYSTEMS, CHARTING, TERMINALS, COMPUTER AUTOMATION, AND INTERMODAL CONNECTIONS, WHETHER TO PIPELINES, RAIL, OR HIGHWAYS. IT ALSO INCLUDES ALL THOSE THINGS THAT ALLOW AND FACILITATE SAFE NAVIGATION.

INTERMODALISM IS VITAL TO OUR INDUSTRY, AND I SEE ONLY GROWTH IN THIS REGARD AS EVERY TRANSPORTATION MODE VIES FOR A LARGER ROLE IN MOVING GOODS WITHIN OUR GLOBAL DISTRIBUTION SYSTEMS.

WITH THIS IN MIND, MY COUNTRY, THE UNITED STATES, IS AT A CRITICAL JUNCTURE, A FORK IN THE ROAD PERHAPS, WITH RESPECT TO THE FUTURE OF ITS PORTS AND WATERWAYS INFRASTRUCTURE.

LIKE MANY COASTAL NATIONS, THE UNITED STATES MARITIME INFRASTRUCTURE FACILITATES OUR GLOBAL OUTREACH INTO OVERSEAS MARKETS AND INVOLVEMENT IN WORLD AFFAIRS. BUT, MANY OF OUR PORTS AND WATERWAYS HAVE AGING INFRASTRUCTURE AND MANY ARE NO LONGER UP TO THE WORLD CLASS STANDARDS. THE IMPACT IS ECONOMIC, AND IT INCREASES THE RISK TO SAFETY AND THE MARINE ENVIRONMENT AS WELL. IT IS OBVIOUS TO ME, THAT THE MARITIME INFRASTRUCTURE IN THE UNITED STATES AND THAT OF MANY OF OUR TRADING PARTNERS IS UNDER STRESS AND THE STRESS IS INCREASING.

TO HELP UNDERSTAND THESE STRESSES LETS CONSIDER SOME OF THE TRENDS WE ARE FACING:

THERE WILL BE INCREASED TRAFFIC OF ALL TYPES. WORLD MARITIME TRADE IS EXPECTED TO INCREASE SIGNIFICANTLY (TWO TO THREE TIMES) BY THE YEAR 2020. TODAY'S WORLD MERCHANT FLEET IS OVER 720 MILLION DEADWEIGHT TONS. THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT HAS STATED THAT BY 2005 THE WORLD'S MERCHANT FLEET WILL GROW TO OVER 884 MILLION DEADWEIGHT TONS, AND PROJECTS THAT TRADE WILL GROW AT A FOUR PERCENT ANNUAL RATE.

NEWLY CONSTRUCTED VESSELS OF ALL TYPES WILL BE LARGER, FASTER, OR BOTH. COMPANIES WILL CONTINUE TO MERGE AND MORE ALLIANCES WILL FORM, CAUSING A MORE CENTRALIZED INDUSTRY. AND, IN THE NEAR FUTURE WE WILL SEE CONTAINERSHIPS CAPABLE OF CARRYING 8,000 TEU'S OR MORE.

ADDITIONALLY, IN THE U.S. THE USE OF PASSENGER VESSELS, ESPECIALLY FERRIES IS ON THE RISE. COMMERCIAL CARGO AND RECREATIONAL TRAFFIC ARE GROWING AND AN INCREASING NUMBER OF COMMUTERS ARE LOOKING TO HIGH SPEED FERRIES TO MEET THEIR DAILY TRANSIT NEEDS. THE EUROPEAN COMMUNITY HAS MADE GREAT ADVANCES IN THIS FORM OF COMMUTER TRAVEL. WE IN THE U.S. COULD LEARN MUCH FROM EUROPE'S HIGH SPEED CRAFT OPERATIONS.

[PAUSE] ARE WE READY TO FACE THESE GROWING CHALLENGES? WILL OUR NATIONS' PORTS, WATERWAYS, AND INTERMODAL CONNECTIONS BE ABLE TO CARRY THE LOAD IN A SAFE, SECURE, ENVIRONMENTALLY SOUND, AND EFFICIENT MANNER? CAN WE ACCOMMODATE ALL OF THESE USERS BY CONDUCTING BUSINESS AS USUAL? I BELIEVE WE HAVE SOME WORK TO DO.

- TO CONTINUE, THERE IS GROWING CONCERN BY THE PUBLIC OVER SAFETY AND THE ENVIRONMENT WHICH NONE OF US CAN AFFORD TO IGNORE.
- THERE ARE EMERGING REQUIREMENTS TO PROTECT OUR TRANSPORTATION INFRASTRUCTURES FROM SECURITY THREATS INCLUDING TERRORISM, ATTACKS ON COMPUTER SYSTEMS, ILLEGAL IMMIGRANTS AND DRUGS, AND THE USE OF WEAPONS OF MASS DESTRUCTION IN OUR PORTS, SUCH AS BIOLOGICAL AND CHEMICAL AGENTS.
- AS IN MANY COASTAL NATIONS, BUT PARTICULARLY IN THE UNITED STATES, WATERWAYS ARE CURRENTLY MANAGED BY A HOST OF FEDERAL AGENCIES THAT ADD TO PORT AND WATERWAYS MANAGEMENT CONFUSION AND REAL AND POTENTIAL INEFFICIENCIES. I ASK, HOW WELL COORDINATED ARE WE IN THIS REGARD? DO WE NEED A BETTER APPROACH TO HOW WE MANAGE THE PORTS AND WATERWAYS INFRASTRUCTURE?

NOW TURNING TO THE TANKER INDUSTRY. [PAUSE] THE UNITED STATES IS THE WORLD'S LARGEST CONSUMER NATION. WITH NINE MILLION BARRELS OF OIL IMPORTED DAILY, AND NEARLY ALL OF THIS IS SHIPPED BY WATER. EXCLUDING MEXICO AND CANADA, 95% OF OUR FOREIGN TRADE AND 25% OF OUR DOMESTIC TRADE DEPENDS ON MARITIME TRANSPORTATION. THIS IS ONLY GOING TO INCREASE AS WE SAIL INTO THE NEXT MILLENNIUM.

OF THE MORE THAN 600 MILLION TONS OF CARGO IMPORTED ANNUALLY TO THE UNITED STATES 469 MILLION TONS ARE OIL AND OIL PRODUCTS. WE IMPORT 35% OF THE WORLD'S OIL AND THE U.S. WILL SOON BE INVOLVED IN OVER 47% OF THE WORLD'S TRADE IN OIL PRODUCTS AND CHEMICALS. WE SEE THESE NUMBERS CONTINUING TO GROW.

WELL, THE RECURRING THEME HERE, OF COURSE, IS GROWTH IN CARGO TRADE, INCREASE IN THE NUMBER OF MERCHANT VESSELS, LARGER AND FASTER VESSELS, MORE SPECIALTY VESSELS, AND MORE SEAMLESS INTERMODAL LINKS AND ALTERNATIVES IN SUPPORT OF "JUST IN TIME" INVENTORY SYSTEMS THAT PLACE GREATER PERFORMANCE DEMANDS ON CARRIERS AND SHIPPERS. CONTRAST THIS WITH A GROWING CONCERN WITH THE CURRENT MARITIME INFRASTRUCTURE TO MEET THESE CHANGING DEMANDS.

THIS THEME IS HAMMERED HOME BY SEVERAL RECENT EXCERPTS FROM THE MARITIME SUPPLEMENT OF THE JOURNAL OF COMMERCE, A U.S. BUSINESS NEWSPAPER, THAT HIGHLIGHT THE CURRENT AND FUTURE STATE OF CARGO TRAFFIC AND PORT CAPABILITIES RELATIVE TO CONTAINERIZED CARGO AND ALSO BY AN INTERTANKO STUDY ON TANK VESSEL TERMINALS.

FEBRUARY 20, 1998 - **MEGAPORTS ARE FACING INCREASING PROBLEMS** – “AS SHIPPING LINES IN THE U.S. CONTAINER TRADES SEEK EVER GREATER ECONOMIES OF SCALE, THEY ARE GENERATING HUGE VOLUMES OF CARGO, BUT ALSO HUGE PROBLEMS, FOR THE MEGAPORTS THAT SERVE THEM. MEGAPORTS MUST SECURE MORE LAND, DREDGE DEEPER CHANNELS, BUILD LARGER TERMINALS, PURCHASE LARGER CRANES, ESTABLISH MORE EFFICIENT RAIL AND HIGHWAY ACCESS AND PROVIDE MORE SOPHISTICATED ELECTRONIC COMMUNICATIONS SYSTEMS.” THESE PROBLEMS ARE NOT UNIQUE TO THE UNITED STATES. THEY ARE PRESENT IN EUROPE AS WELL AS THE REST OF THE WORLD.

JULY 6, 1998 - FROM MR. TOM BALDWIN'S COLUMN INSIDE TALK
**REGINA MAERSK DELIVERS BIG MESSAGE TO NEW YORK:
DREDGE HARBOR OR SAY GOODBYE** - "MAERSK SAYS IT IS
OPENING A NEW ERA IN CONTAINER SHIPPING THIS SUMMER
WITH THE ARRIVAL IN THESE WATERS OF THE *REGINA*
MAERSK. THE SHIP DOES NOT FIT HERE. THE CHANNELS OF
THE PORT OF NEW YORK AND NEW JERSEY ARE NOT DEEP
ENOUGH FOR THE 52 FEET OF WATER NECESSARY FOR SAFE
MANEUVERING."

JUNE 19, 1998 - **TERMINAL VELOCITY** - "GLOBAL ALLIANCE
PARTNERS MAERSK LINE AND SEA-LAND SERVICE INC.....
ASKED SEVERAL NORTH ATLANTIC PORTS TO SUBMIT PLANS
FOR A TERMINAL CAPABLE OF HANDLING SOME 550,000
TWENTY EQUIVALENT UNITS (TEU'S) OF CARGO A YEAR.
THAT IS MORE CARGO THAN SEVERAL NORTH ATLANTIC
PORTS INDIVIDUALLY HANDLE IN A YEAR."

IN A SEPTEMBER 1996 STUDY OF U.S. PORTS, INTERTANKO STATED,
"IT IS AN ANOMALY THAT TANKERS WHICH APPROACH U.S.
TERMINALS DO SO WITHOUT THE SUPPORT OF A MODERN
VESSEL TRAFFIC SYSTEM, MANY TIMES BASE THEIR
APPROACH ON 50 YEAR OLD CHARTS, ARE INSTRUCTED TO
APPROACH THE BERTH ON LESS THAN ADEQUATE WATER
DRAFT, AND FINALLY MOOR AT A BERTH WHICH WAS
DESIGNED TO ACCOMMODATE SHIPS MUCH SMALLER THAN
A MODERN TANKER."

I SUSPECT THIS IS A PROBLEM ON A GLOBAL SCALE, NOT JUST IN THE UNITED STATES.

PARTNERSHIP EXPECTATIONS:

CONSIDERING THESE CHALLENGES, THE PARTNERSHIP BETWEEN BIMCO AND THE U.S. COAST GUARD IS AN OPPORTUNITY TO START ADDRESSING SOME OF THESE ISSUES AND THEIR IMPACT ON MARINE SAFETY. IN MY MIND, AND IN KEEPING WITH THE VIEWS OF THE SECRETARY OF THE UNITED STATES DEPARTMENT OF TRANSPORTATION, MR. SLATER, THE FUTURE OF OUR PORTS AND WATERWAYS DEPENDS ON FULL STAKEHOLDER INVOLVEMENT TOWARD DEFINING A VISION FOR PORTS AND WATERWAYS OF THE 21ST CENTURY AND DETERMINING WHAT NEEDS TO BE DONE TO ATTAIN THAT VISION. THIS PARTNERSHIP IS A STEP IN THAT DIRECTION.

THE U.S. COAST GUARD AND OTHER U.S. FEDERAL AGENCIES WITH RESPONSIBILITIES FOR PORTS AND WATERWAYS INFRASTRUCTURE HAVE WORKED TOWARD THIS END.

HOWEVER, WE ALL KNOW THAT GOVERNMENT DOESN'T HAVE ALL THE ANSWERS AND GOVERNMENT ALONE DOESN'T KNOW BEST. GOVERNMENT, HOWEVER, DOES HAVE A RESPONSIBILITY TO LEAD, COORDINATE, FACILITATE, AND STAY OUT OF THE WAY WHEN APPROPRIATE TO MAKE THINGS BETTER. WE NEED DIRECT STAKEHOLDER INVOLVEMENT - TO ENSURE A CORRECT APPROACH; TO REALLY DETERMINE THE STATUS OF PORTS AND WATERWAYS; TO FULLY DETERMINE THE NEEDS FOR THE NEXT CENTURY; AND TO DETERMINE WHAT NEEDS TO BE DONE TO MEET THOSE NEEDS ON THE INTERNATIONAL, NATIONAL, REGIONAL, AND LOCAL LEVELS. A STEP IN THE RIGHT DIRECTION IS THE UPCOMING MARINE TRANSPORTATION SYSTEMS CONFERENCE IN WHICH WE WILL START TO ADDRESS THESE ISSUES. THE CONFERENCE WILL BE HELD NEAR WASHINGTON, D.C. ON THE 17TH, 18TH, AND 19TH OF NOVEMBER, AND WILL BE CHAIRED BY THE SECRETARY OF TRANSPORTATION. BIMCO HAS BEEN INVITED TO PARTICIPATE.

THE PURPOSE OF OUR PARTNERSHIP IS TO HELP US DEVELOP A SYSTEMATIC APPROACH TO DEAL WITH THE ISSUES WE FACE NOW AND INTO THE NEXT MILLENNIUM WITHIN THE FOLLOWING FRAMEWORK:

- IMPROVING COMMUNICATIONS AND THE WORKING
RELATIONSHIP BETWEEN THE U.S. COAST GUARD AND THE
SHIPPING INDUSTRY REPRESENTED BY BIMCO.
- PROMOTING VESSEL SAFETY, TO PREVENT LOSS OF LIFE,
DAMAGE TO PROPERTY, AND DAMAGE TO THE
ENVIRONMENT FROM COMMERCIAL VESSELS.
- EMPLOYING A COOPERATIVE PROGRAM OF WELL-DEFINED
ACTIVITIES THAT ADDRESS MUTUAL GOALS.
- DEVELOPING AND EMPLOYING NON-REGULATORY APPROACHES
TO ENHANCE TRANSPORTATION SAFETY THROUGH
PARTNERSHIP ACTION TEAMS (PAT).
- USING A QUALITY PROCESS TO ANALYZE MARINE SAFETY ISSUES
AND TO RECOMMEND IMPROVEMENTS.
- USING THIS PARTNERSHIP TO POTENTIALLY IDENTIFY AND WORK
MARINE SAFETY ISSUES RELATED TO WATERWAYS
MANAGEMENT, PORT SAFETY AND SECURITY,
ENVIRONMENTAL PROTECTION, ISM CODE
IMPLEMENTATION, STCW95 DEVELOPMENT AND
IMPLEMENTATION, PORT STATE CONTROL, AND MARINE
CASUALTIES ALL WITH AN EYE TOWARDS IMPROVING
INTERNATIONAL MARITIME INFRASTRUCTURE AND SAFETY
AS WE SAIL TOWARDS 2000 AND BEYOND.

WE WILL START BY ESTABLISHING A PARTNERSHIP ACTION TEAM BY 31 DEC 1998 TO IDENTIFY AN INITIAL ISSUE OR ISSUES TO ADDRESS. WE MUST SEEK WHAT I CALL “BEST INVESTMENTS” OF OUR TIME. MANY ISSUES COULD BE ADDRESSED. WE MUST IDENTIFY THOSE WITH THE BEST POTENTIAL RETURN OF OUR INVESTMENT OF TIME AND RESOURCES.

PERHAPS A SUITABLE PLACE TO START MIGHT BE IN SUPPORTING AN INITIATIVE WE CALL THE MARITIME SAFETY INCIDENT REPORTING SYSTEM. THE PROJECT IS RAPIDLY BECOMING INTERNATIONAL IN SCOPE.

THE SYSTEM CONCEPT, IS TO RECEIVE REPORTS FROM MARINERS AND COMPANIES, CAPTURING CAUSAL INFORMATION AND LESSONS-LEARNED ON NEAR-ACCIDENTS AND OTHER RELATED EVENTS. THIS SYSTEM WILL COLLECT VOLUNTARY DATA WITH THE IDENTITY OF REPORTING SOURCES KEPT UNDISCLOSED. IT WILL PROMOTE REMEDIES TO PROBLEMS BEFORE THEY LEAD TO ACCIDENTS.

PRESENTLY IN THE UNITED STATES WE CAPTURE CASUALTY AND HAZARDOUS CONDITION DATA, BUT NEAR-ACCIDENTS OCCUR FAR MORE OFTEN THAN ACCIDENTS AND ARE AN UNTAPPED INFORMATION SOURCE. THE PROJECT IS A SHIFT IN CULTURE UNLIKE ANY SAFETY INITIATIVE WE HAVE UNDERTAKEN BEFORE. THE SYSTEM WOULD EMPOWER MARINERS, UNIONS, AND COMPANIES TO TRULY PARTICIPATE IN THE SAFETY EQUATION.

THE ISM CODE REQUIREMENTS THAT ARE NOW IN PLACE REQUIRE COMPANIES TO HAVE AN INTERNAL MARITIME SAFETY INCIDENT REPORTING SYSTEM. THE IDEA FOR A NATIONAL AND/OR AN INTERNATIONAL MARITIME SAFETY INCIDENT REPORTING SYSTEM ALLOWS US TO POTENTIALLY EXPAND THIS CONCEPT FROM A COMPANY TO THE BROADER MARITIME COMMUNITY.

THE RESULTS WILL BE IMPROVED MARINE SAFETY PERFORMANCE AND REDUCED OPERATIONAL AND RESPONSE COSTS FOR BOTH THE PUBLIC AND PRIVATE SEGMENTS OF THE MARITIME COMMUNITY. IF INFORMATION FROM THE SYSTEM PREVENTS JUST ONE CATASTROPHIC EVENT, THE RESULTING FISCAL AND PHYSICAL BENEFITS WILL FAR OUTWEIGH ITS COST.

HE SYSTEM HAS THE POTENTIAL TO EXTEND THE FEEDBACK LOOP OF THE ISM SAFETY MANAGEMENT SYSTEM FROM A COMPANY TO AN INDUSTRY-WIDE REACH. THIS PARTNERSHIP IS AN EXCELLENT OPPORTUNITY AND A CHALLENGE TO EXPAND THIS CONCEPT ON AN INTERNATIONAL SCALE AND ALTER THE FACE OF MARINE SAFETY FOR THE BETTER.

PARTNERSHIP BENEFITS:

THE BENEFITS OF PARTNERING ARE SYNONYMOUS WITH THE BENEFITS OF EMPLOYING QUALITY ASSURANCE SYSTEMS IN YOUR COMPANY OPERATIONS. THIS PARTNERSHIP - LIKE OTHERS WE HAVE WITH THE AMERICAN WATERWAYS OPERATORS, INTERNATIONAL COUNCIL OF CRUISE LINES, PASSENGER VESSEL ASSOCIATION, AMERICAN PETROLEUM INSTITUTE & CHAMBER OF SHIPPING OF AMERICA, SPILL CONTROL ASSOCIATION OF AMERICA AND ASSOCIATION OF PETROLEUM INDUSTRY COOPERATIVE MANAGERS, AND INTERTANKO - ARE QUALITY EFFORTS UNDER THE PREVENTION THROUGH PEOPLE UMBRELLA.

A QUALITY PARTNERSHIP IS A TRUE PARTNERSHIP. IT ALLOWS US TO MOVE TOWARDS A HIGHER LEVEL OF COOPERATION, WORKING TOGETHER TO SOLVE PROBLEMS. IT IS A FORMAL RELATIONSHIP, BASED UPON A COMMITMENT TO COMMON GOALS, INVOLVING MUTUAL TRUST, ACHIEVED THROUGH OPEN AND FRANK COMMUNICATION.

BY OPERATING UNDER THE PREVENTION THROUGH PEOPLE
UMBRELLA IT MEANS THAT WE WILL START OUR SEARCH
FOR SOLUTIONS BY FOCUSING ON THE HUMAN ELEMENT.
THAT DOESN'T JUST MEAN PEOPLE BUT ALSO THE
ORGANIZATIONAL FACTORS THAT CAUSE THOSE PEOPLE TO
ACT AS THEY DO. THE MAJORITY OF MARITIME ACCIDENTS
AND POLLUTION INCIDENTS ARE ROOTED IN HUMAN ERROR.

IN READING YOUR BIMCO 1998 REVIEW I CAME ACROSS AN
ARTICLE WRITTEN BY MR. CREMERS, EXECUTIVE CHAIRMAN,
ANGLO-EASTERN SHIP MANAGEMENT LIMITED, ENTITLED,
"QUALITY IS FREE." MR. CREMER ADDRESSED THE
TANGIBLE AND INTANGIBLE BENEFITS QUALITY ASSURANCE
SYSTEMS HAVE ON A COMPANY'S BOTTOMLINE. HIS ARTICLE
FOCUSED ON HIS COMPANY. OUR PARTNERSHIP COULD TAKE
THIS NOTION OF QUALITY TO NEW HEIGHTS. ULTIMATELY,
WE CAN USE THE PARTNERSHIP TO LOOK AT ALL FACETS OF
THE MARINE SAFETY EQUATION AND THE SHIPPING
INDUSTRY IN GENERAL SEEKING TO INSTITUTE QUALITY
SYSTEMS ON AN INDUSTRY-WIDE SCALE.

THE TASK BEFORE US MAY BE DIFFICULT, BUT THE BENEFITS CAN BE EXTRAORDINARY. THE BENEFITS OF MARINE SAFETY ARE INDEED TANGIBLE. EACH YEAR, U.S. MARINE-RELATED ACCIDENTS CREATE A DIRECT COST OF OVER 1.1 BILLION DOLLARS AS A RESULT OF LIVES LOST, INJURIES, PROPERTY LOSS, AND ENVIRONMENTAL DAMAGE. AND A RECENT STUDY THAT WE COMMISSIONED TELLS US THAT FOR EVERY \$1 IN DIRECT COSTS, THERE IS ANOTHER \$1.7 IN INDIRECT COSTS.

THESE DIRECT AND INDIRECT COSTS OFFER ABSOLUTELY NO RETURN ON INVESTMENT.

MR. CREMER'S ARTICLE AND WORK BY THE PREVENTION THROUGH PEOPLE COMMITTEES SHOW THAT THROUGH THE PROMOTION OF GOOD MARINE SAFETY PRACTICES, WHICH IS THE GOAL OF OUR PARTNERSHIP, WE CAN REDUCE:

- COMPREHENSIVE INSURANCE PREMIUMS;
- P&I PREMIUMS;
- LOSS OF MAN-HOURS;
- HOSPITAL HOURS;
- SICK LEAVE;
- ENVIRONMENT DAMAGE COSTS; AND A REDUCTION IN DAMAGE TO CARGO.

THINK ABOUT YOUR COMPANY'S OPERATIONS. IF YOU APPLY HIGH QUALITY MARINE PRACTICES WITHIN YOUR OPERATIONS THE TANGIBLE SAVINGS COULD BE QUITE LARGE. THEN APPLY THE SAME FACTORS INDUSTRY-WIDE. NOW WE ARE TRULY IN THE REALM OF SOME HUGE BOTTOMLINE SAVINGS!

SAFETY PAYS! ITS ALSO VERY GOOD FOR PUBLIC RELATIONS – SHOWING THE PUBLIC THAT, COLLECTIVELY, WE ARE FULFILLING OUR RESPONSIBILITIES AS CITIZENS OF THE WORLD TO KEEP IT SAFE AND MAINTAIN THE QUALITY OF THE ENVIRONMENT UPON WHICH OUR QUALITY OF LIFE DEPENDS.

IN THE COURSE OF MY COMMENTS I HAVE TALKED ABOUT SOME INDUSTRY TRENDS THAT WE MUST FACE, A FRAMEWORK FOR THE PARTNERSHIP THAT WE ARE EMBARKING ON, HOW OUR WORKING TOGETHER CAN IMMEDIATELY BEAR FRUIT BY SUPPORTING THE SAFETY INCIDENT REPORTING SYSTEM INITIATIVE, AND THE OVERALL GAINS IN INDUSTRY DEVELOPMENT AND MARINE SAFETY THAT ARE POSSIBLE. IF WE DO IT RIGHT, WE WILL SAVE LIVES, REDUCE INJURIES, REDUCE COSTS, AND REDUCE DAMAGE TO PROPERTY AND THE ENVIRONMENT. THE TIME HAS COME FOR US TO GO FORWARD AND DO GREAT THINGS! I'M PLEASED THAT BIMCO AND THE USCG ARE PARTNERS IN MARINE SAFETY AND ENVIRONMENTAL PROTECTION. THANK YOU.